

DEPARTMENT OF HEALTH SERVICES

14/744 P STREET, ROOM 1253
P. O. BOX 942732
SACRAMENTO, CA 94234-7320
(916) 653-2223



April 13, 1998

Nancy-Ann Min DeParle
Administrator
Health Care Financing Administration
Bureau of Policy Development
Office of Chronic Care and Insurance Policy
7500 Security Boulevard
Baltimore, Maryland 21244-1850

Dear Ms. Min-DeParle:

We are writing to submit for your review and approval an amendment to California's Title XXI State Plan, to be effective July 1, 1998.

California's plan as it was submitted to you in November 1997 indicated that California would apply income deductions in the Healthy Families Program. During a review of the application, we developed a concern that the application of income deductions to the top of the eligibility range would result in families becoming eligible for Healthy Families whose gross income was, in fact, higher than the 200 percent family income specified in the State Healthy Families authorizing statute. It was the object of the authorizing legislation to limit eligibility for Healthy Families to a gross income of 200 percent or less of the federal poverty level (FPL).

Therefore, California is revising the Healthy Families Program to eliminate income deductions for the purpose of determining eligibility as to whether a family has income below 200 percent of the FPL, the maximum eligibility level. California will apply the income disregards required of federally means tested programs. We will continue to use the Medi-Cal income deductions at the lower level of eligibility determination to ensure that no child who would have been eligible for Medi-Cal is enrolled in Healthy Families. We have provided public notice of this change and will have an initial discussion of the change at a meeting of the Managed Risk Medical Insurance Board (MRMIB) on April 16, 1998.

The target population for the Healthy Families Program has been, and continues to be, those children in families with incomes between 100 and 200 percent FPL who are not eligible for no-cost Medi-Cal. Estimates of Healthy Families enrollees were based on an analysis of the Census Bureau's Current Population Survey by the UCLA Center for Healthy Policy Research. These estimates rely on gross annual income.

Enclosed with this letter you will find:

- The applicable revised pages (pages 23, 26, & 27) of Section 4 – Eligibility Standards & Methodology – of California’s Title XXI State Plan to replace those that were submitted to you last November; and
- The excerpt from Healthy Families’ State enabling legislation, AB 1126 (Chapter 623, Statutes of 1997), which references “gross annual household income.”

We are filing this amendment now with the expectation that it will take effect on July 1, 1998, when the Healthy Families Program will begin covering children.

Sincerely,

SANDRA SHEWRY
Executive Director
Managed Risk Medical Insurance
Board

S. KIMBERLY BELSHÉ
Director
Department of Health Services

Enclosure

cc: Sally K. Richardson
Claude Earl Fox, M.D.
Kathleen Farrell
Richard Chambers
Richard Fenton
Debbie Chang